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MINISTRY OF ECONOMIC DEVELOPMENT,
TRADE AND TOURISM


1998-1999 Business plan

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MESSAGE FROM THE MINISTER

MINISTRY OF ECONOMIC DEVELOPMENT, TRADE AND TOURISM

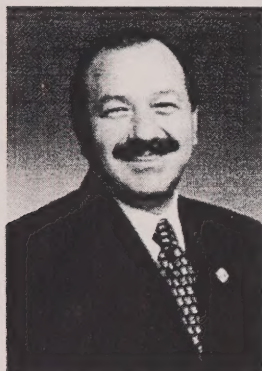
1998-1999 Business Plan



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MESSAGE FROM THE MINISTER



Hon. Al Palladini

Ontario's climate for business and job growth is the healthiest in a decade. In 1997, the Ontario economy recorded its strongest growth in ten years, with real gross domestic product (GDP) rising 4.8 per cent.

New jobs are being created at an increasing rate. In fact, between February 1997 and February 1998, the Ontario economy created 265,000 net new private sector jobs, the largest number of jobs created in a 12-month period in the province's history.

The government's tax cuts have played a significant part, pushing business and consumer confidence to new highs. Our unemployment is continuing its downward trend. We expect to lead Canada and the rest of the G-7 countries in economic growth over the coming year.

At the Ministry of Economic Development, Trade and Tourism, our intention is to build on that momentum. We're on the right track. We're building for the future.

Individual Ontarians, small businesses and larger corporations are to be congratulated for making Ontario the best place for new job growth in Canada. In a very short time, we have accomplished a lot together. And we can accomplish more with renewed effort -- to make further improvements in Ontario's business environment; to market Ontario as a great place to live, work, visit, invest and do business; and to create an environment for investment growth and jobs.

Our vision is an Ontario business environment that enables us to compete successfully with the best in the world; an Ontario where its people continue to enjoy a high quality of life supported by well-paying jobs.

That is what our plan for 1998-99 sets out to do. We will be taking aggressive new actions on all fronts of our core businesses of employment and business development, investment, tourism and trade. We will build on the partnerships which are now adding strength to our investment, tourism and trade marketing initiatives.

The bottom line is to ensure that Ontario remains one of the most competitive jurisdictions in North America by continuing to work with the private sector to create more jobs for today and in the future.

A handwritten signature in dark ink, appearing to read 'Al Palladini'.

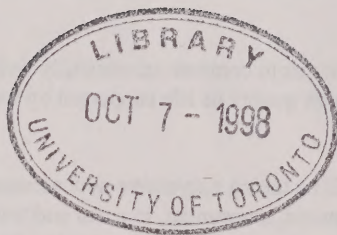
The Honourable Al Palladini
Minister of Economic Development, Trade and Tourism

MINISTRY VISION

Our vision is an Ontario business environment that enables us to compete successfully with the best in the world; an Ontario where its people continue to enjoy a high quality of life supported by well-paying jobs.

Ontario continues to be faced with aggressive competition for markets, investment and tourist traffic from competing jurisdictions. Ontario's private and public sectors have a significant stake in helping businesses grow, increasing their level of competitiveness in a globalized economy, and marketing Ontario's strengths.

We will pursue our vision with vigour and implement our mandate by the people of Ontario to stimulate economic growth, create more jobs and establish resilient competitive advantages to ensure a more prosperous future for us and our children.



ANNUAL REPORT ON KEY ACHIEVEMENTS AND COMMITMENTS

1997-98 Achievements

Ontario's economic performance for jobs, investment, and exports against our competing jurisdictions was very strong in 1997-98.

- Job growth in 1997 was stronger than the average of Alberta, British Columbia, Quebec and the eight U.S. Great Lake states.
- Investment in business machinery and equipment as a percentage of total GDP (1996 data) was 25 per cent higher than the average for Alberta, British Columbia and Quebec (7.2 per cent for Ontario versus 5.8 per cent for the average of Quebec, Alberta, and B.C.).
- Per capita exports (1996 data) were three times higher than the average for Quebec and the eight U.S. Great Lake States (U.S.\$8,461.52 for Ontario versus U.S.\$2,609.09 for the average for the eight States and Quebec).
- There was also strong growth in new business incorporations in Ontario, 10.8 per cent higher (5,068) in 1997 than in 1996 (52,040 for 1997 versus 46,972 for 1996).

The ministry's highest priority is to help the private sector create jobs. As a result, we have focused our activities on small business development and addressing barriers to business and expanded job creation. We were also more aggressive in attracting new investments, encouraging more travel to and in Ontario, and in promoting trade and increased exports.

We helped small business create almost 10,000 new jobs. Our staff and services helped support 2,500 new business start-ups, resulting in 9,800 new jobs for Ontario. We also launched five new Small Business Enterprise Centres and a new Young Entrepreneurs Program to help young Ontarians create their own jobs and business opportunities.

We put the spotlight on the business climate. We gave Ontario's business community the opportunity to sit down with government at a series of Round Table discussions to target economic development priorities, including business climate improvements, automotive industry issues and strategic skills shortages. Sector associations and specific companies were also consulted on a range of economic and business issues. The Queen's Park Liaison Forum gave the Ontario Chamber of Commerce a critical consultation vehicle to help us address and respond to key issues.

Our focus was on removing barriers to business and job creation. Working with our government and industry partners, we looked at developing a more efficient, one-window approach to Ontario's building approvals process. Ontario also served notice at the last Annual Premiers' Conference that it will pursue the elimination of unfair investment incentives among provinces as one of its top priorities. We are now preparing recommendations for approval by Internal Trade Ministers. Although we had to delay our original target of establishing three Community Small Business Investment Funds designed to increase

access to capital for small and medium-sized companies, the government has now enacted the necessary legislation to meet this commitment next fiscal year.

Ontario Innovative Growth Firms reported over ten per cent job growth. Members of our Innovative Growth Firms (IGF) network reported an over ten per cent increase in jobs in their own companies. The highlight of the year for our IGF Program was a private-sector sponsored Wisdom Exchange, where the presidents of these high-growth and expanding companies shared ideas on how to sustain and accelerate growth and job creation. The event received a ninety-eight per cent high satisfaction rating from companies attending and helped strengthen the foundation for even greater sharing of Ontario's home-grown expertise for business innovation and job creation.

An aggressive strategy brought new investments to Ontario. We generated over 200 investment leads from 36 investment attraction events in our target world markets. The ministry supported 25 business investments, totalling \$508 million and 3,100 jobs created or maintained. We also provided support to 2,600 business immigration clients, assisting 87 companies and leading to \$94 million in investments and 3,700 new jobs.

Over 600 Ontario business leaders volunteered to be Business Ambassadors for Ontario in support of our Market Ontario Program to promote Ontario as a place to invest; 192 participated directly in our investment marketing activities. Also, 14 Canadian CEOs of major multi-national companies have agreed to participate in our print advertising to market the province to potential investors.

Our Market Ontario Program has been well received. Independent research indicates our print advertising outscored 11 of 12 competing jurisdictions, establishing critical awareness of Ontario as an investment location among business decision-makers in our target markets.

We helped tourism create more jobs. We worked closely with the tourism industry to develop a marketing plan and stronger partnerships to promote Ontario travel at home and abroad. We also achieved measurable success in our most important target market, by exceeding our target for increased revenue from overnight U.S. visitors by three per cent, or \$63 million. That helped increase Ontario's total tourism revenues by 6.8 per cent or \$141 million (from \$2.1 billion in 1996 to \$2.2 billion in 1997 on a calendar year basis).

We also asked our tourism agencies to look at new opportunities and new partnerships to improve their attractions, increase their visitors and become more profitable. We brought members of the industry and the Canadian Banker's Association to the table to see what can be done to provide the tourism sector with more access to investment capital. We also collaborated with our colleagues in government and in the industry to ensure the travelling public and tourism operators now enjoy a vastly improved signing system for Ontario's highways, paid for by the private sector.

We set the stage for more jobs through trade and exports. We worked with 270 companies in developing their export capabilities, contributing to \$360 million in export sales for Ontario. We also provided critical support to six consortia/networks of Ontario firms to undertake international projects. The Minister led trade missions to the U.S. and South America and we co-ordinated the involvement of over 175 Ontario companies on the Team Canada trade mission to Mexico, Brazil, Argentina and Chile. We also made important strides in helping Ontario firms expand and create more jobs through exports by creating a blue-chip Export Marketing Task Force. The Task Force has already completed its work and we are now reviewing its recommendations.

1998-99 Commitments

For Ontario's overall economic performance against competing jurisdictions, our aim is to help Ontario's overall growth in jobs, exports and business machinery and equipment investment to surpass the average growth in our competing jurisdictions. We are also targeting growth in Ontario's new business incorporations to be stronger than last year.

For jobs and business development, our commitment is to support business start-ups and job expansion through a range of programs and services. We will support 3,800 new business start-ups resulting in 12,000 jobs through our Self-Help Offices and Small Business Enterprise Centres across the province which we deliver in partnership with the local municipalities. Five new Small Business Enterprise Centres are planned for 1998-99, bringing the total to ten. Our Young Entrepreneurs Program will target 500 loans leading to 1,500 new jobs. We will maintain our network of Innovative Growth Firms and hold one annual Wisdom Exchange. Our target is to help IGF companies achieve ten per cent job growth. The ministry will also implement a new Urban Economic Development Unit to ensure effective co-ordination of the economic development activities of the provincial and city governments.

We will also work with our partners to implement a new strategic skills program to address critical skills shortages in the Ontario economy, and to implement a new feasibility study for a more efficient building approvals process to enhance customer service. Our new Ontario Business Report publication will continue to profile Ontario's business and job creation successes and profile Ontario policies and initiatives that are of prime interest to Ontario industry, business community and tourism sector.

For investment, our commitment is to achieve the same level of successful investment results achieved in 1997-98 and to continue to aggressively market Ontario as a preferred investment location in North America in our four international target markets of the U.S., U.K., Germany and Japan.

For tourism development, new expanded domestic and expanded U.S. advertising campaigns will be launched, and we will work with the industry to develop an agreement on a new marketing partnership. The ministry will continue to work with the tourism industry to develop a Tourism Action Plan to cover key areas: quality service improvements; specialized strategies for niche tourism markets; support for the development of new tourism products; and research and networking to enhance Ontario's tourism performance. The tourism product at our tourism agencies will also be improved by developing new opportunities for partnering with the private sector and we will strengthen their accountability relationship with government.

We are targeting a seven per cent increase in visitors' spending in Ontario, from \$11.1 billion in 1997 to \$11.88 billion in 1998 (from \$5.5 to \$5.81 billion in domestic spending and from \$5.6 to \$6.07 billion in international spending). This would bring total Ontario tourism industry revenues to \$14.77 billion in 1998 (from \$13.97 billion in 1997).

For trade development, we will respond to recommendations from the Minister's Export Marketing Task Force, with the aim of increasing export sales supported by the ministry by 35 per cent to \$475 million over the next five years. Another target is a 30 per cent increase in the number of companies we help in developing export capabilities, to 320. We will also work with eight consortia/networks of Ontario firms to undertake international projects.

CORE BUSINESSES

For 1998-99, we have realigned our Core Businesses with our key strategies to enhance the focus of our services to our clients. The ministry's Core Businesses are:

- employment and business development
- investment
- tourism
- trade

The *employment and business development core business* contributes to a positive business climate that supports economic growth and job creation by:

- fostering innovation and entrepreneurship;
- managing sector and business cluster relationships;
- promoting the removal of barriers to business, including addressing business infrastructure gaps; and
- providing advice on business issues and economic development policy.

The *investment core business* markets the province as a premier investment location to key investment decision-makers and influencers through advertising/promotion, lead generation and investment servicing. The Market Ontario Program is a key element of the ministry's vision for promoting Ontario's competitive advantages at home and abroad, and attracting investment.

The *tourism core business* develops and promotes Ontario as a world-class "must see" destination by marketing Ontario as a leading tourism destination, assisting the tourism industry by creating the right business climate, operating tourism agencies and attractions, and travel information centres. The tourism agencies and attractions include Huronia Historical Parks, Metro Toronto Convention Centre, Niagara Parks Commission, Old Fort William, Ontario Place, Ottawa Congress Centre, St. Clair Parkway Commission, and St. Lawrence Parks Commission.

The *trade development core business* expands Ontario's share of the global export market by working with Ontario firms, in particular small and medium-sized businesses to:

- increase the number of exporters;
- expand in key and emerging markets;
- develop and nurture a dynamic export culture;
- champion the capabilities of Ontario firms in global markets; and
- increase the awareness of Ontario exports.

Trade development accomplishes this through initiatives which provide export market intelligence, export information, and consultative and advocacy support to expand the international trade activities of Ontario business.

KEY STRATEGIES

In our work to support job creation by expanding economic development, trade and tourism, the ministry focuses its resources and energies on these key strategic objectives:

- expanding the Ontario economy by strengthening business sectors and clusters, continuing to remove barriers to business, improving business infrastructure, encouraging private sector investment in skills development, and leading economic development policy and business advice across government;
- increasing foreign and domestic investment in Ontario by marketing the province as a preferred North American business location to leading international corporations and Ontario companies;
- maintaining Ontario's share of an expanding world tourism market by stimulating investment in tourism products and infrastructure, and marketing Ontario as a world-class, "must-see" destination; and
- increasing Ontario's share of the global export market by expanding the number of small and medium-sized businesses exporting, building export sales in key and emerging markets, and developing a dynamic export culture in Ontario.

To ensure that our organization has the capacity to achieve our strategic objectives, we will continue to develop and motivate our staff to provide excellent customer service and to review and fundamentally improve our skills and knowledge in critical areas, such as the use of information technology, marketing, communications and teamwork.

KEY PERFORMANCE MEASURES

CORE BUSINESS: Overall Economic Performance Indicators			
Goals/Outcomes	Measures	Targets/Standards	98-99 Commitments
Growth in jobs, investment, tourism, trade, and new company formation.	Job growth stronger than the average of competing jurisdictions.	Year-over-year job growth is stronger than the average for Alberta, British Columbia and Quebec, and eight U.S. Great Lake States (Illinois, Indiana, Michigan, Minnesota, New York, Ohio, Pennsylvania and Wisconsin).	Job growth stronger than the average of competing jurisdictions in 1998.
	Investment growth stronger than the average of competing jurisdictions.	Ontario's business machinery and equipment investment as a percentage of total GDP is stronger than the average for Alberta, British Columbia and Quebec.	Ontario's investment (1997 data) in business machinery and equipment as a percentage of total GDP will be stronger than the average for Alberta, British Columbia and Quebec.
	Trade growth stronger than the average of competing jurisdictions.	Ontario's per capita exports stronger than the average for competing jurisdictions with similar industrial structures: Quebec and eight U.S. Great Lake States.	Ontario's per capita exports (1997 data) will be stronger than the average for Quebec and the eight U.S. Great Lake States.
	Ontario's new company formation growth stronger than Ontario's growth in the previous year.	Ontario's new company formation as strong or stronger than in the previous year.	Ontario's new company formation exceeds 1997 level.

CORE BUSINESS: Employment and Business Development

Goals/Outcomes	Measures	Targets/Standards	98-99 Commitments
Improved government responsiveness to business issues.	Effectiveness and timeliness of ministry responses to business issues.	Business community satisfied with ministry management of issues as measured through a customer satisfaction survey.	<p>Improve level of customer satisfaction with ministry management of business issues by 10% over 1997-98 satisfaction level.</p> <p>Market success stories about Ontario's economy and removal of barriers to business to clients and stakeholders through new Ontario Business Report.</p>
Increased new company formation and company growth directly supported by ministry programs.	Small business start-ups including new youth business start-ups supported by the ministry.	New business start-ups and new jobs supported by the ministry increased by 10% annually.	<p>Support 3,800 new business start-ups, resulting in 12,000 new jobs.</p> <p>Launch an additional five Small Business Enterprise Centres bringing the total number of Centres to ten.</p> <p>Provide 500 Young Entrepreneurs Program loans creating 1,500 jobs.</p>
Improved performance of Innovative Growth Firms (IGFs).	Growth in jobs for IGFs.	Increase job growth of IGFs supported by ministry by an average of 10% annually.	<p>Launch Innovators Alliance initiative; launch IGFs Website; and establish IGF Advisory Board.</p> <p>Hold an annual Wisdom Exchange for IGFs.</p> <p>10% growth in jobs for IGFs supported by ministry.</p>

CORE BUSINESS: Investment			
Goals/Outcomes	Measures	Targets/Standards	98-99 Commitments
Increased awareness of Ontario as a place to invest.	Level of awareness of Ontario as a preferred investment location.	By 2000/01, increase the level of awareness of Ontario as a preferred investment location in the four key international markets from 38% to 50% on average.	Increase by 5% on average the awareness of Ontario as a preferred investment location in the four international target markets of the U.S., U.K., Germany, and Japan.
Increased investment.	Investment through support to prospective investors and business immigrants.	Over the next three years, increase by 10% annually the investment and jobs supported by ministry staff working with prospective investors and business immigrants. The increase will be measured against the 1996-97 base.	<p>Increase by a minimum of 10% the number of business investments supported, business immigrants served and jobs created and maintained.</p> <ul style="list-style-type: none"> - 220 investment leads - 22 business investments - resulting in \$550 million in investment and 2,750 jobs created or maintained. - 650 business immigrants resulting in \$100 million in investment and 2,350 jobs created or maintained

CORE BUSINESS: Tourism			
Goals/Outcomes	Measures	Targets/Standards	98-99 Commitments
Enhance Ontario's tourism performance.	Tourism revenues, domestic and international.	By the year 2001, increase tourism revenues from visitors by 26% from \$11.1 billion in 1997/98 to \$14.0 billion: - domestic revenues to \$6.91 billion from \$5.5 billion - international revenues to \$7.09 billion from \$5.6 billion.	Increase tourism revenues from visitors by 7.0% from \$11.1 to \$11.88 billion - domestic tourism revenues from \$5.5 to \$5.81 billion - international tourism revenues from \$5.6 to \$6.07 billion.
	Improve business climate for tourism.	Increased private sector investment in the tourism industry.	Stimulate private sector investment by continuing to work with the tourism industry to develop a Tourism Action Plan, covering the following: - quality service improvement initiatives; - specialized strategies for niche tourism markets; - research and networking to enhance Ontario's tourism performance; - support for the development of new private sector tourism products and improved tourism products at our provincial tourism agencies and attractions through private sector partnerships.

CORE BUSINESS: Trade			
Goals/Outcomes	Measures	Targets/Standards	98-99 Commitments
Increase in trade development directly supported by ministry.	Exports for small and medium-sized companies supported by ministry to develop their export capabilities.	Increase export sales as a direct result of ministry support by 100% by the year 2000/01 (from 1996/97 base).	<p>Develop and prepare launching of a five-year strategic export marketing plan based on Minister's Trade Task Force Report.</p> <p>Increase export sales supported by 35% to \$475 million.</p> <p>Increase number of companies supported to develop their export capabilities by 30% to 320.</p> <p>Support eight consortia/networks of Ontario firms to undertake international projects.</p>

1997-98 MINISTRY SPENDING BY CORE BUSINESS - INTERIM ACTUALS*

ECONOMIC DEVELOPMENT, TRADE AND TOURISM**	
Operating	\$237.3M
Capital	\$3.1M
Staff	745

MAKING ONTARIO MORE COMPETITIVE	
Operating	\$48.8M
Staff	105

MARKETING ONTARIO TO THE WORLD	
Operating	\$40.8M
Staff	100

- Reduce Barriers to Business
- Identifying and Filling Gaps in Business Infrastructure
- Economic Trends, Economic Development and Business Issues

- Investment Marketing
- Tourism Marketing
- International Relations and Protocol

BUSINESS AND TOURISM DEVELOPMENT	
Operating	\$59.0M
Capital	\$2.7M
Staff	366
Includes 257 staff for tourism agencies and attractions.	

WIND-DOWN OF TERMINATED FINANCIAL ASSISTANCE	
Operating	\$75.9M
Capital	\$0.4M
Staff	56

- Business Start-ups
- Innovative Growth Firms
- Trade Development
- Investment Services
- Tourism Infrastructure Development Including Tourism Agencies

- Manage Wind-down of Commitments for Terminated Business Assistance Programs
- Manage Industrial Parks

MAIN OFFICE/INTERNAL ADMINISTRATION	
Operating	\$12.8M
Staff	118

- Internal Administration

* PSAAB Basis

** Includes budget and staff for science and technology programs transferred to the Ministry of Energy, Science and Technology effective April 1, 1998.

Note: Staff numbers are full-time equivalents.

1998-99 MINISTRY APPROVED ALLOCATIONS BY CORE BUSINESS - PLAN*

ECONOMIC DEVELOPMENT, TRADE AND TOURISM	
Operating	\$170.2M
Staff	740

EMPLOYMENT AND BUSINESS DEVELOPMENT	
Operating	\$42.1M
Staff	128

INVESTMENT	
Operating	\$25.3M
Staff	76

- Innovation and Entrepreneurship
- Manage Sector Relationships
- Promote the Removal of Barriers to Business
- Advise on Business Issues and Lead Economic Development Policy Across Government
- Urban Economic Development

- Investment Marketing
- Foreign Direct Investment Sales and Services
- Domestic Investment Account Management
- Business Immigration Services

TOURISM	
Operating	\$64.4M
Staff	333
Includes 254 staff for tourism agencies and attractions.	

TRADE DEVELOPMENT	
Operating	\$10.4M
Staff	60

- Tourism Policy and Research
- Tourism Marketing and Development
- Tourism Agencies

- Export Advocacy
- Export Marketing and Development
- Export Promotion

MAIN OFFICE/INTERNAL ADMINISTRATION	
Operating	\$12.0M
Staff	118

WIND-DOWN OF TERMINATED FINANCIAL ASSISTANCE	
Operating	\$16.0M
Staff	25

- Internal Administration

- Manage Wind-down of Commitments for Terminated Business Assistance Programs
- Manage Industrial Parks

*PSAAB Basis

Note: Staff numbers are full-time equivalents.

WHO TO CALL

Questions or comments about the ministry's business plan are welcomed.

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1998-99 BUDGET APPROVED ALLIANCE OF QHW
BY CORE BUSINESS IN 1998

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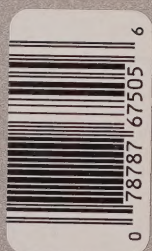
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